

SEN. Tim CARPENTER

Senate Bill 552 Testimony.

I am speaking today on behalf of the SB 552, which will stop the use of a social security number as personal identifier in the administration of a state or local governmental program.

Like most folks in Wisconsin, I have become increasingly concerned about the possibility of the identity theft. The effects of identity theft can include not only a damaged credit report, but also denied loans and extraordinary legal bills to clear your name and credit.

One of the most valuable tools to a criminal, who would like to steal an identity, is the combination of a "name" "address" and "SSN."

It was a great concern that twice in the past year, mail sent on behalf of Department of Revenue and the Department of Health Family Services revealed this information: names, addresses, and SSN of Wisconsin residents.

Senate Bill 552 bill will prohibit state and local governments from utilizing social security numbers as personal identifying numbers in government programs. This bill does allow for the use of these numbers when required by state or federal law, however when not specifically required, no governmental agency at any level should use these numbers.

While both DOR and DHFS have reported that new policies being implemented or which have already been implemented to help prevent the release of this information in the future, this bill will direct other departments as well as local governments to discontinue this dangerous practice.

The bill provides for a civil penalty of \$500 per violation. This is important because without some sort of penalty, there would be no incentive for people to follow this directive from the Legislature. By eliminating the use of these numbers as personal identifiers, we greatly decrease the probability of these numbers falling into the wrong hands.

Thank you



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Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Senate Public Health, Senior Issues, Long Term Care and Privacy Committee Hearing,
March 5, 2008

Senate Bill 552 - Relating to: use of a social security number as personal identifier in the administration of a state or local governmental program (Senator Carpenter)

Description of Current Law and Proposed Change

The bill prohibits state agencies and local governments from using social security numbers (SSNs) as identifiers effective January 1, 2009. This prohibition applies to agencies' work in administering all state programs except when the use of SSN:

- is required by state or federal law or federal regulation
- is specifically authorized by state or federal law or federal regulation
- receipt of federal aids is conditioned upon the use

Violators are subject to a penalty of up to \$500 for each violation.

Fairness/Tax Equity

- The bill is intended to ensure the protection of the personal information of Wisconsin citizens.
- The bill would prompt the use of alternative identifiers for administrative purposes for state agencies and local governments that lack specific authority to use SSNs or for purposes other than that required by state or federal law.

Administrative Impact

- In an effort to safeguard taxpayer private information, the Department of Revenue (DOR) no longer uses SSNs in correspondence with taxpayers unless specifically required to do so by federal law.
- DOR is specifically authorized by federal law [42 U.S.C. § 405(c)(2)(C)(i), (iv)] to use the SSN for tax administration purposes. The SSN is necessary to ensure that DOR:
 1. posts income tax returns to the correct individual tax accounts;
 2. matches employer withheld taxes and quarterly estimated income tax payments to the right income tax returns;
 3. matches federal tax return information to state tax return information and vice versa;
 4. certifies wages of the right taxpayer for delinquent taxes;
 5. matches bank and payer information returns to the right taxpayers;
 6. levies the right bank accounts for delinquent tax collections;
 7. offsets federal refunds against delinquent state taxes and vice versa;

8. offsets state tax refunds against delinquent taxes, other state agency, and local government debts.
- There is no other number that is used by all federal, state and local governments as well as businesses such as banks, employers, corporations that pay dividends, etc.
 - DOR is not authorized by state or federal law or federal regulation to use SSNs for Business Tax Registration. State administrative rules allow DOR to use SSNs for this purpose. Without an additional exception for state administrative rules, DOR will incur significant administrative costs modifying the current Business Tax Registration system.

DOR Position

The department would support the bill if it was modified to provide an additional exception for agencies use of SSNs as authorized by state administrative rules, which are authorized by the Legislature.

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What is the Wisconsin Coalition for Consumer Choice (WCCC)?

- Advocacy organization working to unite consumer, financial & privacy organizations that are committed to maintaining and advancing consumer choice and privacy in Wisconsin's marketplace
- The WCCC is a conduit between customers who utilize financial products/services & legislators who are interested in their perspective and story
- We will work on any and all proposals that further regulate, oversee or monitor consumers and the financial services they utilize in ways that would violate their privacy or limit their consumer choices in WI
- As of February, 2008 the WCCC is supported by over 14,000 Wisconsin consumers
- WCCC currently focused on the following policy areas:
 - Disclosure of social security numbers
 - Prohibiting use of social security numbers
 - State do not call list
 - REAL ID
 - Opposition to state and federal sponsored data bases

WCCC Supports Passage of SB 552

Background

- Government-sponsored privacy breaches are not isolated incidents
 - According to a recent analysis by USA Today, over 80 government agencies have reported data loses or security breaches in 2007 alone
 - The U.S. Government Reform Committee reports that all 19 federal government departments and agencies reported at least one loss of personally identifiable information since Jan. 2003.
 - Only a small number of the data breaches reported to the Committee were caused by hackers
- The Identity Theft Resource Center has reported more than 79 million instances of identity theft and compromised records in 2007
 - A nearly fourfold increase from 2006

Problem

- SSN have become like gold in the cybercrime underworld
- Breaches occur due to inadequate information handling of which contain Social Security numbers
- State Government is providing the number one asset to cyber criminals

Solution

- Solution is simple – eliminate SSN as identifier
- State Government eliminating all information that contain SSN's (minus federal and state requirements) is must passage this session
 - Realize this is easier said than done – but elimination of SSN is the one and only action that will ensure SSN are not available to the viewing public
- Effective Date of January 1, 2009 is reasonable to achieve